

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

DIRECT MARKETING ASSOCIATION, INC.
NOTICE OF TOPICS FOR DISCUSSION AT PREHEARING CONFERENCE

Pursuant to Commission Order No. 1186, Direct Marketing Association, Inc. ("The DMA") hereby provides notice of an important topic that it proposes to raise at the prehearing conference in this proceeding, scheduled for July 30, 1997.

PRC-Proposed Schedule Provides Inadequate Time for Discovery of USPS Presentation

The schedule proposed by the Commission for this proceeding, and attached as Attachment C to Order No. 1186, contains a substantial flaw: it does not provide adequate time for intervenors to conduct discovery of the Postal Service's proposal.

The Postal Service's filing in this case is supported by the testimony of 42 witnesses, more than the Postal Service has ever presented in support of a filing under the Postal Reorganization Act of 1970. The filing is unique in other ways, as well. It is the first omnibus rate case to follow the wide-ranging reclassification proposals that spanned several separate PRC dockets, beginning with Docket No. MC95-1. This reclassification process is not yet completed, and several of the important aspects of the USPS reclassification scheme, including the proposed "residual surcharge" for Standard (A) mail, are included in this proceeding. In addition, the USPS filing contains important classification proposals seen for the first time in this case, including the important "Prepaid Reply Mail" (PRM) proposal.

Moreover, it is the first omnibus rate case to include a detailed examination of the cost consequences of the Postal Service's automation program, the cornerstone of the Postal Service's attempts to improve productivity.

If that were not enough, the Postal Service's filing contains the first-ever incremental cost analysis (USPS witness Takis, USPS-T-41) and the first-ever full blown calculation of Ramsey prices presented by the Postal Service (USPS witness Bernstein, USPS-T-31). Finally, the Postal Service's testimony includes a brand-new analysis of mail processing costs (USPS witnesses Moden, USPS-T-4, Degen, USPS-T-12, and Bradley, USPS-T-14). Substantial changes have also been proposed in the cost treatment of other important cost categories, including city delivery and rural carriers.

In short, this is a case where the maximum possible time should be allocated to discovery of the Postal Service's case, permitting the parties, the OCA and the Commission itself to obtain as thorough an understanding as possible of the Postal Service's testimony and its implications, before the Postal Service witnesses take the stand.

The Commission Should Establish a Schedule Similar to That in Docket No. R90-1

The Commission's proposed schedule in this case appears to be modeled on the most recent omnibus rate case, Docket No. R94-1, with modifications so that hearings on the intervenors' direct cases are completed prior to the Christmas holidays. The DMA respectfully suggests that the schedule in R94-1 does not present an appropriate model for this case. Although technically an omnibus rate case, Docket No. R94-1 was rather limited in scope. It contained no significant classification proposals, and it was based on an across-

the-board pricing concept. As a result, many issues that would normally arise in an omnibus postal rate proceeding did not arise in R94-1.

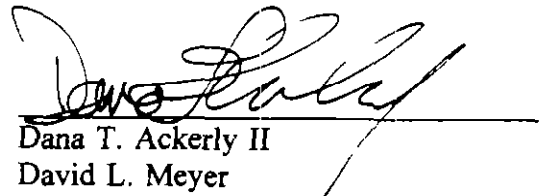
Attachment A contains The DMA's suggestion for an appropriate schedule in this proceeding. It is based upon the schedule used in R90-1. Most importantly, it would extend by two weeks, respectively, the deadlines for completing discovery of the USPS direct case and commencing hearings on the USPS testimony. Hearings on the intervenors' direct cases would begin shortly after the New Year, and the remaining phases of the case would be completed on virtually the same schedule as was utilized in R90-1.

Of course, shifting the schedule in this way would reduce the length of the proposed period following oral argument for the Commission to prepare its opinion and recommended decision. On the other hand, the Commission would still have more than seven weeks to complete this final phase, which is the same amount of time it had in R90-1.

In support of its proposal, The DMA has prepared two charts. The first, attached as Attachment B, sets forth the total number of days elapsed from the date of filing of the USPS request to a number of important events in Docket Nos. R87-1, R90-1, R94-1, as well as the PRC-proposed and the DMA-proposed schedules in this case. A similar chart is attached as Attachment C; it shows the number of days elapsed between these events in

these cases. Attachments B and C demonstrate that the DMA-proposed schedule is substantially similar to the R90-1 and the R87-1 schedules.

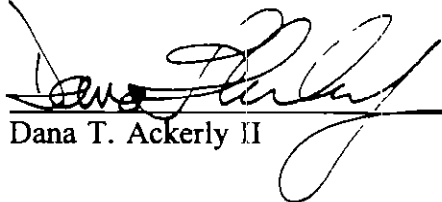
Respectfully submitted,



Dana T. Ackerly II
David L. Meyer
Michael D. Bergman
Counsel for Direct Marketing
Association, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with the Commission's Rules of Practice.


Dana T. Ackerly II

July 22, 1997

DMA-PROPOSED HEARING SCHEDULE
Docket No. R97-1

July 30, 1997	First Prehearing Conference
September 17, 1997	Identify expected amount of oral cross-examination. Report on the availability of witnesses
September 17, 1997	Completion of discovery on the Postal Service's direct case
October 6-22, 1997	Hearings for cross-examination of the Postal Service's direct case (9:30 a.m. in the Commission hearing room)
November 19, 1997	Filing of the case-in-chief of each participant, including rebuttal to the Postal Service
December 17, 1997	Identify expected amount of oral cross-examination. Report on the availability of witnesses
December 16, 1997	Completion of discovery directed to intervenors and the OCA
January 5, 1998	Evidentiary hearings on the cases-in-chief of intervenors and the OCA (9:30 a.m. in the Commission hearing room)
January 13, 1998	Completion of discovery directed to the Service
February 2, 1998	Filing of evidence in rebuttal to the cases-in-chief of participants other than the Postal Service (no discovery permitted on this rebuttal evidence; only oral cross-examination)
February 11, 1998	Hearings on rebuttal to participants' direct evidence (9:30 a.m. in the Commission hearing room)
March 3, 1998	Filing of initial briefs
March 13, 1998	Filing of reply briefs
March 19-20, 1998	Oral argument

Attachment B**NUMBER OF DAYS ELAPSED FROM
INITIAL FILING TO VARIOUS MILESTONES
IN OMNIBUS RATE CASES^{1/}**

	R87-1	R90-1	R94-1	PRC Proposal R97-1	DMA Proposal R97-1
Request Filed	5/7/87	3/6/90	3/8/94	7/10/97	7/10/97
Begin Hearings on USPS Case	89	91	85	74	88
Intervenors File Cases-in-Chief	130	132	107	102	132
Begin Hearings on Intervenors' Cases	173	183	153	151	179
File of Rebuttal Testimony	200	209	183	186	207
Begin Hearings on Rebuttal Testimony	208	217	195	195	216
File Initial Briefs	230	237	210	217	236
Oral Argument	250	253	225	231	252
Deadline for PRC RD	305	306	306	304	304

^{1/} These numbers represent the number of days elapsed as of the indicated event since the filing of the case. Thus, for example, under The DMA's proposal rebuttal testimony would be filed 207 days since the case was filed on July 10, 1997.

**NUMBER OF DAYS ELAPSED
BETWEEN VARIOUS MILESTONES
IN OMNIBUS RATE CASES^{1/}**

	R87-1	R90-1	R94-1	PRC Proposal R97-1	DMA Proposal R97-1
Request Filed	5/7/87	3/6/90	3/8/94	7/10/97	7/10/97
Begin Hearings on USPS Case	89	91	85	74	88
Intervenors File Cases-in-Chief	41	41	22	28	44
Begin Hearings on Intervenors' Cases	43	51	46	49	47
Filing of Rebuttal Testimony	27	26	30	35	28
Begin Hearings on Rebuttal Testimony	8	8	12	9	9
File Initial Briefs	22	20	15	22	20
Oral Argument	20	16	15	14	16
Deadline for PRC RD	55	53	81	73	52

^{1/} These numbers represent the number of days elapsed as of the indicated event from the previous event. Thus, for example, under The DMA's proposal rebuttal testimony would be filed 28 days after the beginning of the hearings on the intervenors' cases.